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SUBJECT: DAILY SUMMARY OF JAPANESE PRESS 07/29/08

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- (1) U.S. military off-base housing in Okinawa: Housing bubble has burst due to saturation

TOKYO SHIMBUN (Page 24) (Abridged slightly)
July 29, 2008

By Natsuko Katayama

Off-base housing for U.S. service members in Okinawa is increasing

due to hefty housing allowances. It is also having a serious impact on the local economy. Although off-base housing has resulted in a booming economy as an unusually high-yield investment, there are concerns that the housing bubble will burst.

Monthly military housing allowance amounting to 160,000-270,000 yen

The website of Ryusei Kensetsu in Ginowan carries this explanation: "In Okinawa, there is rental housing for U.S. military personnel and civilian employees. Although rent is high, the occupancy rate is over 90 PERCENT ." The company's sales representative, Keisuke Matsuo, 30, said: "Housing on hills overlooking beaches and oceans within a 30-minute drive to the base is popular." Such housing is concentrated in Yomitan, Chatan, Kadena, and other municipalities on the western coast in the central part of Okinawa.

The U.S. military housing allowance ranges from approximately 160,000 yen to 270,000 yen a month. The amount is higher depending on rank; the allowance doubles for double-income families. Matsuo also noted: "Customers usually search for housing that costs their entire housing allowance, so rents are more than twice those of private-sector housing. Off-base housing has been drawing attention over the last 20 years as an investment. The trend caught fire about 10 years ago. Rents are so high that one can pay off loans for the building and the land in 15 to 20 years. In many cases, investors are people who inherited land, civil servants, and base workers." Some have become billionaires building one block of apartments after another.

High yields attract investors

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President Yuji Yokoda, 41, of Joy Housing, a local realtor that mostly handles housing for foreigners, established the company 10 years ago. Yokoda said: "People said that the yield was unreal, but as I checked the matter, it turned out to be true." A variety of companies began entering the market at around that time. President Yokoda, too, expanded his business quickly. Today, 99 PERCENT of the apartments and houses his company handles is housing for foreigners.

In early years, housing for foreigners was built mostly by people who inherited land or people who needed to rebuild their houses. Building such housing has spread by word of mouth as a high-yield investment, and all sorts of people have entered the market over the last five years. Inquiries have come from outside Okinawa. Major real estate companies in such places as Tokyo and Kanagawa Prefecture have entered the market in recent years.

Yokoda took this view: "The market peaked five years ago. Housing has sharply increased and the market has been saturated over the last several years. Occupancy rates have dropped, and the banks have begun hesitating to lend money."

Apart from housing in good locations, old apartments and houses become unpopular. In five to ten years time, rents are lowered, and the option of renting them to Japanese people is considered.

According to another person concerned, there have been cases in which investors have filed suits against the construction companies for building new housing with no tenants.

Old housing unpopular, vacancy feared

Yokoda also noted: "I don't know if the high housing allowances will continue forever. Developers in the Kanto and Kansai regions have been pushing ahead with large-scale projects to build condominiums and other facilities. Once those projects are completed, demand and supply and the economic balance in Okinawa will collapse. The housing bubble has burst."

One-third of the households in Chatan's Sunabe district is housing for foreigners. Some people have moved away after their neighborhood became filled with foreigners. Masaharu Teruya, chairman of the Chatan Assembly's Special Committee on Military Bases, who lives in

the district, expressed concern: "Many new buildings have been built, leaving old houses unoccupied. This area might be filled with empty houses."

Lower House member Mikio Shimoji pointed out: "The development of off-base housing should not have been left to real estate companies. The administration said there was nothing it could do, but it granted construction authorization. I think they were able to take measures of some sort, such as a city landscape ordinance and regulations."

Teruya added: "Construction authorization must be granted when there is no illegality. Enacting an ordinance takes time. Development progressed in a short period of time. Something must be done so that the residents will not be driven into a corner any further."

(2) New "base" expanding in Chatan, Okinawa, with U.S. military households accounting for a third of total population; Ward mayor:

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"Sunabe may be taken over by U.S. military"

TOKYO SHIMBUN (Page 20) (Excerpts)
July 28, 2008

A U.S. Marine living off base was arrested this February for the rape of a junior-high school girl in Okinawa Prefecture this February. The incident resulted in a new focus on "off-base housing" in the area where the soldier lived. In Sunabe-ku, Chatan-cho, which is adjacent to Kadena Air Base, a number of luxurious homes have been constructed for use by U.S. military personnel and their families. U.S. military personnel now account for a third of all households in the district. This situation is quite abnormal. A local residence complained: "Instead of bases shrinking, a new 'base' is expanding here."

In Sunabe-ku, smart-looking houses of the same design line both sides of the street. A new luxury condominium also has been built in the back. "The rent of this house is 250,000 yen. That house goes for 300,000 yen. All of these are for U.S. service personnel and their dependents," Sunabe Ward Mayor Shouji Matsuda said. He stopped in front of the condominium, saying: "The rent of a one-floor apartment with an elevator per family is 430,000 yen."

With a deafening roar, U.S. military aircraft frequently buzz the top of the condominium. Due to the noise, more than 200 local families have already moved away. About 970 local families and about 500 U.S. military families live side by side in the area. The construction of two large condominiums (that can accommodate 125 households) is now underway and scheduled for completion next month. There is also a plan to build houses for 288 families next to the condominiums. The U.S. military has given no explanation to the local residents. Matsuda muttered with a sigh: "The site of the U.S. military base accounts for 56 PERCENT of the total area of this town. U.S. servicemen began to live off-base in 2000, and the number of off-base personnel has sharply increased over the past several years. If no measures are taken, the number of U.S. forces-related personnel may exceed that of local residents, and Sunabe may be taken over by the U.S. military."

There is a beautiful beach in front of the large condominium. The beach and a park on the side of the condominium are crowded with U.S. military families on weekends. Matsu quoted an old neighborhood woman as saying: "Once the mammoth condominiums are built, the beach will inevitably become like a private beach. Since so many people connected to the U.S. military live here, we cannot allow our children to go alone to the beach."

U.S. servicemen and their dependents have no obligation to register as local residents. One local resident complained: "We don't know what kind of persons are residing here."

There was one American soldier who frequently invited his friends over and they all drank and made merry until very late at night. Local residents collected signatures to call on the U.S. military to take proper countermeasures. In May, the U.S. military apologized

and made the soldier move back to the base compound.

There are many cases of on-street parking by cars owned by U.S. military personnel or their families; the traffic jam in the area is also terrible. The town or prefectural roads are repaired with tax money. Garbage from U.S. soldiers' households is collected by

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contracted collectors, but some military households dump their garbage at collection points reserved for local residents. U.S. soldiers are not required to pay either the residential tax or the residents' association fee.

Subsidies equivalent to salaries paid

Triggered by the alleged rape of a junior-high school girl by a U.S. Marine, the U.S. military has now revealed how many personnel are living outside the bases and under which conditions U.S. military members are allowed to live off base.

As of the end of March, 25 PERCENT of all U.S. forces personnel in Japan, or 24,800 (about 2,900 more than that in the previous year), were living off base. Half of them live in Okinawa Prefecture.

The village of Chatan hosts 3,223 U.S. military personnel, the second largest military population following Yokosuka City in Kanagawa Prefecture. Of these, 35 PERCENT live off-base.

A survey conducted this March by Chatan-cho found that the numbers of rental apartment buildings and detached houses for foreigners increased by 114 PERCENT and 130 PERCENT, respectively, compared to several years ago.

A real estate agent specializing in housing for U.S. military personnel or civilians working for the U.S. forces explained: "The rent of a house covering a 20-30 tsubo area is 130,000-170,000 yen for a single person. In the case of families, the average rent of a house of more than 40 tsubo runs about 250,000 yen. There are some who live in houses covering 50-60 tsubo. These prices are about two times higher than the rental market values in Okinawa."

The question is who pays such high rents. A Japanese woman whose husband is a U.S. soldier and lives in a 250,000 yen-a-month detached home said: "We receive almost the same amount of a housing subsidy as my husband's pay. I was surprised at the sum at first." She added they also receive a little under 60,000 yen for utility charges.

20 PERCENT of houses on bases left vacant

It was found out this March that Japan has constructed a total of 10,295 houses at U.S. military bases at a cost of approximately 546 billion yen (estimated amount). The funding was disbursed from the so-called sympathy budget over a period of about 30 years. In the case of a facility in Zushi City, Kanagawa Prefecture, in particular, the construction cost per unit reportedly was 78 million yen.

Construction costs for housing units in bases in Okinawa over a period of five years starting in FY2002 totaled approximately 30.2 billion yen. A huge amount of tax money was spent on the construction project, but as of this January, about 20 PERCENT of the houses were still vacant.

Mayor Matsuda said: "Allowances for off-base U.S. soldiers might also come from the sympathy budget." Many local residents have the same suspicion.

An official of the Defense Ministry's public relations office said: "We paid utility charges from 1992 until 2000, but we don't any

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more." An officer of the U.S. Force Japan Headquarters stated: "The U.S. government pays housing allowances for its off-base personnel.

Rental fees are determined in accordance with Japanese rental market values."

House of Councillors member Tokushin Yamauchi said:

"It is inconceivable that the U.S. military, which should be practical, allows its personnel to live off-base at an enormous cost, even though there are vacant houses on base. Regarding the sympathy budget, we are informed only in rough terms. I suspect that Japan has offered funds to the U.S. side without letting the people know about it and that the U.S. has paid rental fees with the money given to it, much like the secret treaty reached between Japan and the U.S. when Okinawa was returned to Japan."

Chatan Mayor Masaharu Noguni emphasized:

"Since the ratio (of U.S. forces-related personnel to the population) has been on a sharp rise, we are finding it difficult to administer the area. Before allowing its personnel to live off-base, the U.S. military should carry out strict screening. It also should consider the resident registration and tax issues."

A 50-year-old woman who moved to an area in which many U.S. military personnel live nine years ago grumbled: "In a short period of time, my residence was surrounded by U.S. housing units. From my house, I can no longer see the ocean." There was a case in which a cigarette was flicked into her place from the condominium next door. In another case, stones were thrown at her house. She complained: "I thought I should not have a biased view (toward U.S. soldiers) ... We are asked to conduct exchanges, but we can't after witnessing such rude behavior."

(3) "Noncombat" zone cannot be guaranteed: ISAF commander

SHINANO MAINICHI SHIMBUN (Page 1) (Full)
Eve., July 17, 2008

Kazuhiro Kimura, Kyodo

KABUL-U.S. Army Gen. McKiernan, who commands the International Security Assistance Force (ISAF) in Afghanistan, met the press, including Kyodo News, in Kabul on July 16. The Japanese government is looking into the feasibility of sending the Self-Defense Forces to Afghanistan, but the ISAF commander remarked that he "cannot guarantee that there is a place where we will not encounter the enemy."

The Japanese government has been restricting the scope of the SDF's overseas activities to what it calls "noncombat areas"-or zones where no combat operations are being actually conducted and where no combat operations are anticipated to be conducted throughout the period of SDF activities carried out there. The ISAF commander's remarks can be taken as noting that the idea of "noncombat areas" is unrealistic in Afghanistan where ISAF troops are fighting Taliban insurgents and where terrorist attacks are going on. His remarks will likely affect discussions in Japan.

Germany and some other countries have been refusing to participate in full-scale combat operations although they are ISAF members. With these countries in mind, McKiernan criticized their stance, saying,

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"Restricted military contributions reduce our (ISAF's) superiority over the enemy."

McKiernan also clarified his intention to welcome "any contributions," including the SDF's dispatch. He exemplified such activities as airlifting supplies, giving medical support, and training policemen. "Instead of sending soldiers (to fight), I think we can send ideas," he added.

He also noted that ISAF is fighting Taliban insurgents and other militants near the Pakistani border in the eastern and southern parts of Afghanistan. "Most areas are comparatively stabilized," he said.

Meanwhile, U.S. Ambassador to Afghanistan Wood met the press, including Kyodo News, in Kabul on July 16 and revealed that he had met with a fact-finding survey team sent from the Japanese government in June and discussed specifics about candidate locations and activities. However, he avoided referring to specifics about the SDF's dispatch. "It is for the Japanese government to decide," he said.

(4) ISAF: Reconstruction and destruction-Agony over contradiction

SHINANO MAINICHI SHIMBUN (Page 4) (Full)
July 23, 2008

Kazuhiro Kimura, Kyodo

ASADABAD and PULI KHUMRI-Japan has given up sending the Self-Defense Forces to Afghanistan, where the International Security Assistance Force, or ISAF for short, is now operating in full swing. Meanwhile, ISAF is mopping up the Taliban, an antigovernment militia. In this Afghan antiterrorist campaign, however, there are also an increasing number of civilian casualties resulting from accidents, such as mistaken bombings. ISAF is tasked with a contradictory set of jobs called "reconstruction" and "destruction," and its soldiers agonize over their duties as they constantly brush with death.

Asadabad is a small town in Afghanistan's northeastern province of Konar. It is a mountainous region that is about eight kilometers from the Pakistani border. "The international terrorist group Al Qaeda is hiding in that mountain," said Konar Province's Governor Walid, pointing to the steep mountain. Armed insurgents are hiding in the border area, where U.S. troops under ISAF's command are carrying out their mission.

In Konar, an 85-member provincial reconstruction team (PRT) is assisting reconstruction, with more than 1,000 combat troops engaged in military operations. They are separately based. Two days before our visit there, nine American soldiers were killed in an attack. The PRT base is armed with antiaircraft guns, and soldiers move on armored vehicles with machineguns. They train their guns on all passing vehicles-no smile on their faces.

They repair hospitals and schools and construct roads and bridges. Their tasks are similar to what the Ground Self-Defense Force did in the southern Iraqi city of Samawah to assist Iraq with its nation-rebuilding efforts. PRT-assisted projects in Konar alone total approximately 50 million dollars (about 5.3 billion yen). The projects will estimatedly reach 100 million dollars within the year. The Taliban regime has now collapsed, and Afghanistan has

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substantially improved its infrastructure. However, some local residents are still backing the Taliban militants.

In Afghanistan, mop-up operations conducted by ISAF troops have caused a large number of civilian casualties. One PRT official sent from the U.S. government admitted that this has brought about a local backlash. In the neighboring province of Nangarhar, a U.S. military chopper recently raided a wedding hall, killing 47 people including the bride. "The right hand (PRT) constructs buildings with words of confidence and friendship, while the left hand (mistakenly bombs and) destroys them," the official said. "But," he added with a sigh, "combat operations are absolutely necessart."

We next visited Puli Khumri in the northern Afghan province of Baghlan, where we were escorted by light-armed Hungarian soldiers working on PRT projects and arrived at a local school that was under repair. A group of local women wearing blue burqas was waiting there with petitions in their hands. They asked the PRT for infrastructure, including water and a power supply. "This year alone," 1st Lt. Gabriel said, "we have received 842 petitions."

In Afghanistan, Konar Province was the most stable region. Hungary made it a precondition for its troops to stay away from combat operations for its activities there. Last November, however, a suicide attack there killed 70 people, including local residents. Since then, the local security situation has deteriorated.

Insurgents, according to Deputy Commander Sandor, "do not differentiate PRT civilians from combat troops," The day before our visit there, a soldier was killed in the blast of a roadside bomb. The Hungarian base posted a photograph of another soldier who was killed in June.

"If one more Hungarian soldier should die, that's the end of this bullshit assistance. I want to let Afghans know that." With these bitter words, one captain released his frustration.

ISAF integrated into antiterror war

Kazuhiro Kimura, Kyodo

BRUSSELS and KABUL—Members of the North Atlantic Treaty Organization (NATO) are now sending reinforcements to the International Security Assistance Force (ISAF) deployed in Afghanistan. Some NATO members were reluctant to take part in combat operations there but have now changed their minds. What lies behind that is strong pressure from the United States calling that the price of participation in the alliance. ISAF is tasked with maintaining public security in its assistance to Afghanistan's reconstruction. Meanwhile, Operation Enduring Freedom (OEF), a U.S.-led military campaign targeted at the international terrorist group Al Qaeda, is also going on in that country. The fusion of ISAF and OEF is also underway. ISAF's assistance to Afghanistan and the U.S.-led war on terror are now being mixed up.

Hungary made it a precondition for its ISAF participation to stay away from combat operations, but it has now decided to send special forces to the central province of Uruzgan. "While there are countries sustaining a large number of casualties, there are countries (like Germany) refusing to fight. This hurts the alliance's solidarity." In response to this criticism from a Brussels-based U.S. diplomatic source, Hungary made the decision.

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On Sept. 11, 2001, terrorists attacked America at its nerve centers. The United States and Britain took it as an attack on the West as a whole. However, Afghanistan is a long way off from Hungary as well. Even so, a Hungarian military officer said: "We're a member of the alliance, so we cannot refuse to get our hands dirty. It's an appropriate burden (to send special forces)."

One commander of ISAF troops deployed in the eastern part of Afghanistan serves concurrently as a commander of OEF troops. ISAF carries out airstrikes to back up OEF troops as needed. Such military mixing is now conducted on a routine basis.

In Iraq, public security is now improving. In response, the U.S. government has indicated that it would further scale back on its military presence in Iraq and would instead reinforce its troops in Afghanistan. "Relations between ISAF and OEF are too complicated. It's possible to simplify their chains of command." With this, U.S. Ambassador to Afghanistan Wood implied that the United States strongly wanted to adopt a unified chain of command.

(5) Shirakaba gas field: China intends to uphold initiative, constraining Japan's stake below 33 PERCENT

TOKYO SHIMBUN (Page 1) (Full)
July 24, 2008

Beijing, Takamasa Suzuki

Japan and China have recently agreed to jointly develop gas fields in the East China Sea. In this connection, it was learned from several sources connected to bilateral relations that China intends to constrain Japan's stake in the development of the Shirakaba gas field to below one-third of the total investment amount in order to fully demonstrate it has the lead in developing that field. This is likely to cause controversy in Japan.

According to the agreement reached in June, Japanese companies will participate in the development of the Shirakaba gas field in the

form of investing in the project, and profits will be distributed according the proportion of investment. The proportion of investment by Japan is to be determined in future talks. An informed source said that China had proposed that Japan's stake should be below 33.3 PERCENT . The Japanese side reportedly has not objected to the proposal.

China National Offshore Oil Corporation and China Petroleum and Chemical Corporation have been developing the Shirakaba gas field jointly with international oil majors. However, those two Chinese companies alone are now investing in the project.

A Chinese official told the Tokyo Shimbun, "If Japan's stake in the project exceeds one-third of the total investment amount, it would top the stake held by either of the two Chinese companies. This is unacceptable"

Japan and China have agreed to jointly develop a gas field in an area straddling the median line -- near the Asunaro gas field -- between the two countries as Japan had insisted. The two countries will likely develop this gas field under a fifty-fifty partnership. However, opposition is growing in China, with one source noting that China has made too many concessions to Japan.

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China has clearly made a distinction between the Shirakaba gas field and another gas field within the area straddling the median line. Vice Foreign Minister Wu Dawei noted: "Japan will take part in the development of the Chunxiao (Shirakaba) gas field, based on Chinese law and with the acknowledgement that China has sovereignty over that gas field." By stressing its sovereignty and control over the Shirakaba gas field, China presumably wanted to send a message that it had not given in to Japan,.

(6) Has Prime Minister Fukuda changed his political method to a "Koizumi style"?

YOMIURI (Page 4) (Full)
July 25, 2008

On the night of July 10, Liberal Democratic Party (LDP) lawmakers were enjoying bowling at the bowling center in the Prince Park Tower Tokyo, Shiba Park, Tokyo. They recently have been bowling together almost every week.

Former Prime Minister Junichiro Koizumi is a member of the LDP's bowling team. He has recently become enthusiastic about the game. Many participants are motivated to use this opportunity to find out the views of Koizumi, who is regarded as a key mover and shaker in today's political situation.

After enjoying bowling, Koizumi dined with LDP Lower House members Yasuhiro Nakagawa, Kuniko Inoguchi, and Junichiro Sakurai, who are all now serving their first terms in the Diet. Hidenao Nakagawa and Tsutomu Takebe, former LDP secretaries general and also members of the bowling team, joined them for dinner.

"I will be quiet until the election; I don't deliver campaign speeches anymore," said Koizumi, although he had just given a speech at a party to celebrate the publication of a book coauthored by former Defense Minister Yuriko Koike, Lower House member Yukari Sato and Inoguchi. He noted: "If you get support from these three persons. Inoguchi, Koike and Sato, your campaigning will gather momentum."

Koizumi has no intention to again assume the LDP presidency, even though there have been calls on him to run again. He reportedly has been trying to find a suitable candidate to carry out his structural reform agenda.

During the dinner after bowling on July 10, Koizumi and Hidenao Nakagawa had a long conversation. One participant felt that Koizumi was trying to convince Nakagawa to keep his reform policy line, which is being reviewed now in the government and ruling coalition. Speculation, too, is that Koizumi is considering Koike as a possible

candidate to succeed Fukuda.

On July 3, as if to spur on the Fukuda government, Koizumi stressed in a lecture:

"We politicians are now interested in three issues: Whether the Prime Minister shuffles his cabinet soon; whether he dissolves the House of Representatives; and whether the Lower House is dissolved by Fukuda or other person. I never tell the Prime Minister what he should do. I just tell him that I want him to make decisions, since I will support any of his decisions, even those that are opposite to my views."

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Whether Fukuda will accept Koizumi's direct advice is uncertain. However, the view has gained ground that Fukuda's political method of being a "coordinator" has now changed to Koizumi's top-down style.

Last December, Fukuda made a political decision to provide blanket relief to those who had contracted Hepatitis C. In March this year, he announced a policy of abolishing the road tax revenue system. In May, he ordered Japan to sign the Convention on Cluster Munitions. He has made those decisions in the face of strong resistance in relevant agencies and the LDP.

Fukuda reportedly decided on his own the phrase "Realization of a Low Carbon Society" used in the Group of Eight (G-8) summit in Hokkaido for measures against global warming. A senior Foreign Ministry official revealed that the phrase had been made suddenly without holding any meeting of four cabinet ministers. The framework of the meeting was created by the former Abe government.

Has confrontation between the ruling and opposition camps under the divided Diet, added to his low public support, caused a change in Fukuda's political method?

Ichiji Totsuka, former secretary general of the LDP Gunma prefectural chapter, who has supported Fukuda in his home constituency of Gunma Prefecture, said:

"When someone who does a remarkable job as the number two person assumes the number one slot, that person cannot handle the top job properly. To hold on to his administration, Fukuda needs to show his determination as number one and he also needs a number two man (chief cabinet secretary) like himself. To that end, I would like him to shuffle his cabinet."

SCHIEFFER